

EMPLOYEE RETIREMENT SYSTEMS OVERVIEW

Fairfax County Employee Retirement Systems include the Uniformed Retirement System (Fund 600), the Fairfax County Employees' Retirement System (Fund 601), and the Police Officers Retirement System (Fund 602). Each of these systems is funded from employees' contributions based on a fixed percentage of pay, County contributions based on a variable percentage of employee pay as determined by actuarial analysis, and return on investments. In order to assure the continued soundness of each fund, an actuarial valuation is conducted annually and, if appropriate, an adjustment is made to the employer's contribution rate.

For the Uniformed Retirement Trust Fund and the Police Officers Retirement Trust Fund, the full amount of the employer's contribution comes from Agency 89, Employee Benefits, in the County's General Fund. For the Fairfax County Employees' Retirement Trust Fund, the employer's contribution comes from two sources: Agency 89, Employee Benefits, for County employees; and Fairfax County Public Schools (FCPS) for school employees.

Based on the annual actuarial valuation, the employer's contribution rate for each of the three funds for FY 2003 is as follows:

Fund	FY 2002 Employer Contribution Rates (%)	FY 2003 Rates (%)	Basis Point Change (%)	Net General Fund Impact
Police Officers	21.79	19.97	(1.82)	(\$1,265,695)
Fairfax County Employees' Retirement	6.12	6.83	0.71	\$1,712,142
Uniformed	18.93	18.49	(0.44)	(\$438,664)
Total				\$7,783

On March 18, 2002 the Board of Supervisors adopted a corridor approach to employer contributions and provided enhancements to the supplement for uniformed retirees. No revenue or expenditure adjustments associated with the adjustments approved by the Board of Supervisors have been included at this time. If revenue and expenditure adjustments to the retirement systems are required as a result of these changes, adjustments will be made at a future quarterly review. As a result of the Boards of Supervisors' actions, the Employer Contribution Rates for FY 2003 are adopted as shown in the table below.

FY 2003 Employer Contribution Rates (values are presented as %)	
Police Officers Retirement	17.30
Fairfax County Employees' Retirement	6.00
Uniformed Retirement	21.65

EMPLOYEE RETIREMENT SYSTEMS OVERVIEW

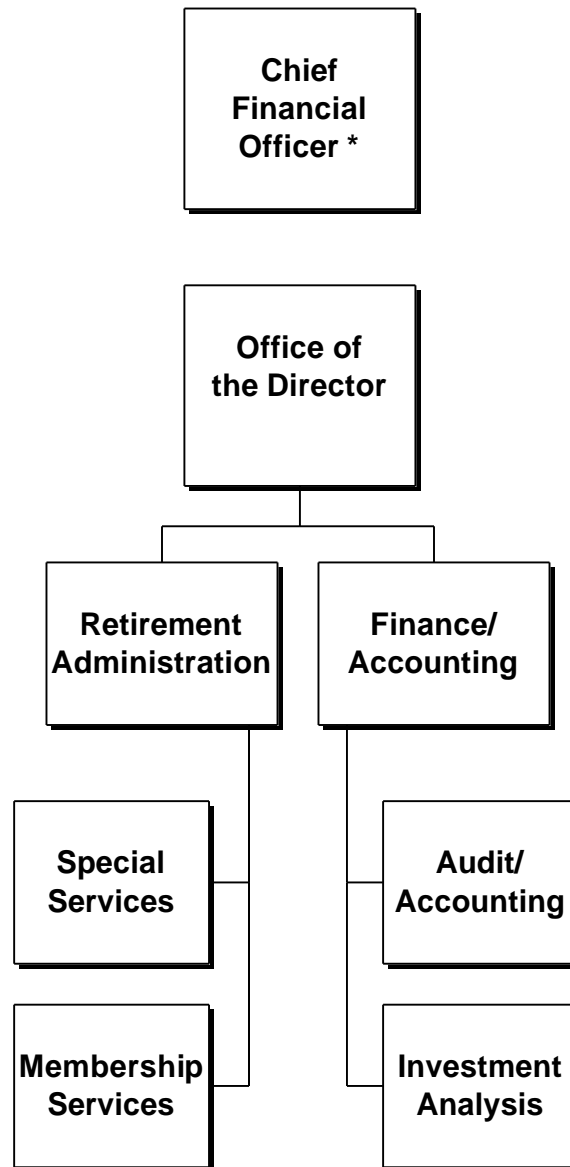
The following table displays relevant information about each retirement system:

EMPLOYEES COVERED						
Uniformed		Fairfax County Employees' Retirement		Police Officers		
Fire and Rescue Personnel; Uniformed Office of Sheriff employees; Game and Animal Wardens; Helicopter Pilots.		County employees not covered under Uniformed or Police Officers System; certain FCPS employees including food service, custodial, bus drivers, part-time and substitute teachers, maintenance staff.		Fairfax County Police Officers.		
CONDITIONS OF COVERAGE						
Uniformed		Fairfax County Employees' Retirement		Police Officers		
At age 55 with 6 years of service or after 25 years of service.		At age 65 with 5 years of service or earlier when age and years of service combined equal 80 or, for reduced "early retirement" benefits, 75. Not before age 50.		At age 55 or after 20 years of police service if hired before 7/1/81; or 25 years of service if hired on or after 7/1/81.		
EMPLOYEE CONTRIBUTION						
	Uniformed		Fairfax County Employees' Retirement		Police Officers	
	Plan A	Plan B	Plan A	Plan B	12.00% of Pay	
	Up to Wage Base	4.00%	7.08%	4.00%		5.33%
	Above Wage Base	5.33%	8.83%	5.33%		5.33%
	Plan C	4.00%				
	Plan D	7.08%				
EMPLOYER CONTRIBUTION						
Rate Structure / FY 2003						
Uniformed		Fairfax County Employees' Retirement		Police Officers		
21.65% \$18,016,014		County 6.00% / \$22,364,457 Schools 6.00% / \$8,143,901		17.30% \$16,007,754		

EMPLOYEE RETIREMENT SYSTEMS OVERVIEW

INVESTMENT MANAGERS AS OF JUNE 30, 2001		
Uniformed	Fairfax County Employees' Retirement	Police Officers
<ul style="list-style-type: none"> ▪ Barclays Global Investors ▪ Credit Suisse Asset Management ▪ J.L Kaplan Associates, L.L.C. ▪ JP Morgan Fleming Asset Management ▪ Pantheon Group ▪ Lazard Asset Management ▪ Marathon-London ▪ Payden & Rygel Investment Counsel ▪ State Street Global Advisors ▪ Schroder Capital Management International, Inc. 	<ul style="list-style-type: none"> ▪ Barclays Global Investors ▪ Cohen & Steers Capital Management, Inc. ▪ JP Morgan Fleming Asset Management, Inc. ▪ Lazard Asset Management ▪ Liberty Acorn Group ▪ Payden and Rygel Investment Counsel ▪ Schroder Capital Management International, Inc. ▪ Robert E. Torray & Co., Inc. ▪ Thompson Horstman and Bryant ▪ DSI International ▪ The Clifton Group 	<ul style="list-style-type: none"> ▪ Capital Guardian Trust Co. ▪ Cohen & Steers Capital Management, Inc. ▪ Credit Suisse Asset Management ▪ Dodge & Cox, Inc. ▪ Robert E. Torray & Co., Inc. ▪ ING Furman Selz Capital Management, L.L.C. ▪ Janus Capital ▪ Oak Associates ▪ Pacific Investment Management Co.

RETIREMENT ADMINISTRATION AGENCY



* The Chief Financial Officer has responsibility for strategic direction and oversight of this agency; however, for budget purposes, that position and associated funding are reflected within the Department of Management and Budget.

RETIREMENT ADMINISTRATION AGENCY

Agency Position Summary

21 Regular Positions / 21.0 Regular Staff Years

Position Detail Information

OFFICE OF THE DIRECTOR

1 Executive Director
1 Admin Asst III
1 Admin Asst II
1 Admin Asst I
4 Positions
4.0 Staff Years

Investment Analysis

1 Investment Analyst
1 Senior Investment Manager
2 Positions
2.0 Staff Years

RETIREMENT ADMINISTRATION

1 Retirement Administrator
1 Position
1.0 Staff Year

¹ 1/1.0 SYE Accountant II is financed by Fund 500, Retiree Health Benefits. The remaining 20/20.0 SYE positions are financed jointly by the three retirement trust funds (Funds 600, 601, and 602).

Special Services

1 Programmer Analyst II
1 Programmer Analyst III
1 Information Officer II
3 Positions
3.0 Staff Years

Membership Services

1 Management Analyst II
3 Retirement Counselors
4 Admin Asst. II
8 Positions
8.0 Staff Years

FINANCE/ACCOUNTING

1 Investment Manager
1 Position
1.0 Staff Year

Audit/Accounting

1 Accountant II¹
1 Admin Asst III
2 Positions
2.0 Staff Years

RETIREMENT ADMINISTRATION AGENCY

Agency Mission

To assure the successful financial and administrative operation of the three Fairfax County employee retirement systems (Fairfax County Employees' Retirement, Uniformed and Police Officers), to accurately process payments of the Retiree Health Benefits Fund, and to provide comprehensive information regarding retirement plan benefits to all active employees and retirees covered by County retirement plans.

Agency Summary ¹					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	21/ 21	21/ 21	21/ 21	21/ 21	21/ 21
Expenditures:					
Personnel Services	\$3,082,941	\$3,364,858	\$3,364,858	\$3,693,322	\$3,693,322
Operating Expenses	132,166,462	135,473,769	136,204,902	155,466,942	155,466,942
Capital Equipment	0	0	0	0	0
Total Expenditures	\$135,249,403	\$138,838,627	\$139,569,760	\$159,160,264	\$159,160,264

¹ The table above includes all of the three County retirement funds (Funds 600, 601, and 602) as well as the Retiree Health Benefits Fund (Fund 500) which are administered by this Agency and to which all costs of agency administration are apportioned. Further details on Fund 500, including the fund statement, may be found under the Internal Service Fund section in this volume.

Summary by Cost Center					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
600 Uniformed Employees Retirement Trust Fund	\$23,886,644	\$27,538,301	\$27,538,665	\$32,301,833	\$32,301,833
601 Fairfax County Employees' Retirement Trust Fund	80,987,443	82,576,207	82,577,906	93,335,300	93,335,300
602 Police Retirement Trust Fund	28,475,975	26,681,338	27,410,408	31,223,195	31,223,195
Retirement Trust Funds	\$133,350,062	\$136,795,846	\$137,526,979	\$156,860,328	\$156,860,328
500 Retiree Health Benefits Fund	\$1,899,341	\$2,042,781	\$2,042,781	\$2,299,936	\$2,299,936
Total Expenditures	\$135,249,403	\$138,838,627	\$139,569,760	\$159,160,264	\$159,160,264

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2003 Advertised Budget Plan, as approved by the Board of Supervisors on April 29, 2002:

- ♦ The Board of Supervisors made no changes to the FY 2003 Advertised Budget Plan. However, it should be noted that on March 18, 2002 the Board adopted FY 2003 retirement employer contribution rates as follows: Fund 600, Uniformed, 21.65%; Fund 601, Fairfax County Employees', 6.00%; and Fund 602, Police, 17.30%. No revenue and expenditure adjustments associated with the adoption of these rates is included at this time. If necessary, adjustments will be included at a future quarterly review.

RETIREMENT ADMINISTRATION AGENCY

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan from January 1, 2002 through April 22, 2002. Included are all adjustments made as part of the FY 2002 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to Fund 600, Uniformed Retirement.
- ◆ The Board of Supervisors made no adjustments to Fund 601, Fairfax County Employees' Retirement.
- ◆ A net increase of \$728,806 to Fund 602, Police Retirement based on higher than anticipated payments associated with the number of retirees receiving benefits and actual benefits paid.

County Executive Proposed FY 2003 Advertised Budget Plan

Purpose

Under the discretion of the Boards of Trustees for the Police Officers, Fairfax County Employees' Retirement, and Uniformed Retirement Systems, the Retirement Administration Agency processes benefit payments to eligible Fairfax County retirees and beneficiaries. The agency also processes payments for the retiree health benefit subsidy from the Retiree Health Benefits Fund and provides counseling and comprehensive information pertaining to benefits to active and retired County employees.

The agency oversees the financial management of the retirement systems, including the management and investment of the retirement trust funds which totaled \$3,061,548,329 as of June 30, 2001. At the end of FY 2001, the retirement trust funds were invested as follows: 46 percent domestic equities, 34 percent fixed income securities, 11 percent international equities, and 9 percent real estate investment trusts (REITs).

FY 2003 Initiatives

- ◆ Complete a review of the actuarial funding policy and present recommendations which would further stabilize the actuarially-required employer contribution rate.
- ◆ Continue to identify and implement opportunities to optimize the use of information and technology, including the County's Infoweb, to enhance service and delivery.

Performance Measurement Results

Investment returns for each of the three retirement systems in FY 2001 were below the long-term average rate of 7.5 percent assumed for actuarial purposes. Returns were minus 0.19 percent for the Employees' System, minus 2.72 percent for Police Officers and minus 2.58 percent for Uniformed. These results reflect a significant decline in the stock markets combined with strong returns in both the fixed income markets and real estate investment trusts. While all three systems' returns were negative, the plans performed well relative to their peers. In the universe of public funds used to assess relative performance, all three systems were in the top quartile and the Employees' system was in the top decile. These strong relative results reflect somewhat conservative asset allocations as well as value added by active managers.

RETIREMENT ADMINISTRATION AGENCY

Funding Adjustments

The following funding adjustments from the FY 2002 Revised Budget Plan are necessary to support the FY 2003 program:

- ◆ An increase of \$328,464 in Personnel Services including \$74,864 associated with salary adjustments necessary to support the County's compensation program and an increase in retiree health subsidy payments of \$253,600.
- ◆ A net increase of \$14,852,814 in Operating Expenses reflects increased payments of \$16,541,197 to retirees due to a higher number of retirees and higher individual payment levels, a net decrease in the allowance for refunds of \$2,067,000 based on projected turnover of active members, and a increase in payments to beneficiaries of \$378,617.
- ◆ A net increase of \$5,154,787 in Operating Expenses reflects increased investment and banking services, due primarily to the impact of a change in accounting procedure as well as changes in investment allocations and strategies.
- ◆ A net decrease of \$16,855 in Operating Expenses primarily due to miscellaneous operating expenses necessary to support the administrative functions for the retirement systems.

The following funding adjustments reflect all approved changes in the FY 2002 Revised Budget Plan since passage of the FY 2002 Adopted Budget Plan. Included are all adjustments made as part of the FY 2001 Carryover Review and all other approved changes through December 31, 2001:

- ◆ As part of the *FY 2001 Carryover Review*, an amount of \$2,427 was added due to encumbered carryover.

Objectives

- ◆ To maintain at 100 percent the number of retiree benefit payments processed on time.
- ◆ To achieve at least a 7.5 percent return on investment over rolling three year periods.
- ◆ To achieve realized return on investment commensurate with the S&P 500 Index and the Lehman Brothers Aggregate Bond Index.

Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimated/ Actual	FY 2002	FY 2003
Output:					
Members: ¹					
▪ Fairfax County Employees'	15,551	16,801	17,051 / 17,127	17,389	17,669
▪ Uniformed	2,165	2,159	2,214 / 2,177	2,235	2,299
▪ Police Officers	1,659	1,698	1,739 / 1,752	1,798	1,847
Return on Investment:					
▪ Fairfax County Employees'	\$143,454,668	\$106,500,910	\$137,343,290 / (\$4,202,736)	\$144,612,615	\$142,908,903
▪ Uniformed	\$55,902,165	\$34,013,896	\$49,213,470 / (\$17,073,855)	\$52,527,977	\$51,711,932

RETIREMENT ADMINISTRATION AGENCY

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimated/ Actual	FY 2002	FY 2003
▪ Police Officers	\$45,613,749	\$47,509,347	\$45,483,505 / (\$16,641,031)	\$49,612,079	\$48,625,737
Efficiency:					
Cost per member:					
▪ Fairfax County Employees'	\$37	\$45	\$38 / \$43	\$42	\$46
▪ Uniformed	\$78	\$102	\$92 / \$107	\$105	\$114
▪ Police Officers	\$110	\$123	\$120 / \$136	\$124	\$138
Investment costs as a percent of assets: ²					
▪ Fairfax County Employees'	0.33%	0.26%	0.33% / 0.28%	0.27%	0.48%
▪ Uniformed	0.34%	0.30%	0.39% / 0.27%	0.27%	0.44%
▪ Police Officers	0.44%	0.47%	0.53% / 0.45%	0.48%	0.47%
Service Quality:					
Percentage of retiree checks issued within schedule time frame:					
▪ Fairfax County Employees'	100%	100%	100% / 100%	100%	100%
▪ Uniformed	100%	100%	100% / 100%	100%	100%
▪ Police Officers	100%	100%	100% / 100%	100%	100%
Return Compared to Assumed Actuarial Rate (7.5%):					
▪ Fairfax County Employees'	8.6%	5.89%	7.5% / (0.19%)	7.5%	7.5%
▪ Uniformed	9.6%	5.18%	7.5% / (2.58%)	7.5%	7.5%
▪ Police Officers	8.1%	7.77%	7.5% / (2.72%)	7.5%	7.5%
Large cap domestic equity return compared to S&P 500 Index:					
S&P 500 Index	22.74%	7.24%	NA / (14.83%)	NA	NA
▪ Fairfax County Employees'	20.79%	3.34%	NA / (14.01%)	NA	NA
▪ Uniformed	20.02%	2.82%	NA / (13.28%)	NA	NA
▪ Police Officers	17.87%	1.64%	NA / (18.20%)	NA	NA
Fixed income return compared to the Lehman Aggregate Bond Index:					
Lehman Aggregate Bond Index	3.13%	4.56%	NA / 11.23%	NA	NA
▪ Fairfax County Employees'	2.94%	4.27%	NA / 11.20%	NA	NA
▪ Uniformed	3.88%	4.76%	NA / 10.07%	NA	NA
▪ Police Officers	3.62%	3.94%	NA / 12.76%	NA	NA

RETIREMENT ADMINISTRATION AGENCY

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimated/ Actual	FY 2002	FY 2003
Outcome:					
Percentage of retiree payments processed on time:					
▪ Fairfax County Employees'	100%	100%	100% / 100%	100%	100%
▪ Uniformed	100%	100%	100% / 100%	100%	100%
▪ Police Officers	100%	100%	100% / 100%	100%	100%
Deviation from actuarial rate of return (total plan):					
▪ Fairfax County Employees'	1.1%	(1.6%)	0.0% / (7.7%)	0.0%	0.0%
▪ Uniformed	2.1%	(2.3%)	0.0% / (10.1%)	0.0%	0.0%
▪ Police Officers	0.6%	(0.3%)	0.0% / (10.2%)	0.0%	0.0%
Deviation from S&P 500 (large cap equities):					
▪ Fairfax County Employees'	(2.0%)	(3.9%)	0.0% / 0.8%	0.0%	0.0%
▪ Uniformed	(2.7%)	(4.4%)	0.0% / 1.5%	0.0%	0.0%
▪ Police Officers	(4.8%)	(5.6%)	0.0% / (3.4%)	0.0%	0.0%
Deviation from Lehman Aggregate (fixed income):					
▪ Fairfax County Employees'	(0.2%)	(0.3%)	0.0% / 0.0%	0.0%	0.0%
▪ Uniformed	0.8%	(0.2%)	0.0% / (1.2%)	0.0%	0.0%
▪ Police Officers	0.5%	(0.6%)	0.0% / 1.5%	0.0%	0.0%

¹ This indicator was previously reported separately as number of retirees and number of active members. Beginning in FY 2001, these indicators were combined and are now shown as the total number of members.

² This indicator was previously reported as investment costs as a percentage of earnings. However, beginning in FY 2001, the indicator was revised and now reflects the costs as a percentage of assets.

RETIREMENT ADMINISTRATION AGENCY

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 600, Uniformed Retirement

	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Beginning Balance	\$656,503,060	\$702,220,158	\$644,181,059	\$692,827,700	\$692,827,700
Revenue:					
Employer Contributions	\$18,818,351	\$17,153,208	\$17,153,208	\$18,016,014	\$18,016,014
Employee Contributions	6,441,994	6,335,121	6,335,121	7,279,026	7,279,026
Employee Payback	119,807	169,000	169,000	127,000	127,000
Return on Investments ¹	39,111,710	52,527,977	52,527,977	51,711,932	51,711,932
Total Realized Revenue	\$64,491,862	\$76,185,306	\$76,185,306	\$77,133,972	\$77,133,972
Unrealized Gain (Loss) ²	(\$52,927,219)	\$0	\$0	\$0	\$0
Total Revenue	\$11,564,643	\$76,185,306	\$76,185,306	\$77,133,972	\$77,133,972
Total Available	\$668,067,703	\$778,405,464	\$720,366,365	\$769,961,672	\$769,961,672
Expenditures:					
Administrative Expenses	\$547,541	\$707,328	\$716,455	\$684,869	\$684,869
Investment Services ¹	4,624,822	1,512,974	1,504,211	2,804,965	2,804,965
Payments to Retirees	18,062,980	23,999,584	23,999,584	27,920,347	27,920,347
Beneficiaries	314,838	439,415	439,415	486,652	486,652
Refunds	336,463	879,000	879,000	405,000	405,000
Total Expenditures	\$23,886,644	\$27,538,301	\$27,538,665	\$32,301,833	\$32,301,833
Total Disbursements	\$23,886,644	\$27,538,301	\$27,538,665	\$32,301,833	\$32,301,833
Ending Balance	\$644,181,059	\$750,867,163	\$692,827,700	\$737,659,839	\$737,659,839
PC Replacement Reserve ³	4,444	5,254	5,254	6,064	6,064
Unreserved Balance	\$644,176,615	\$750,861,909	\$692,822,446	\$737,653,775	\$737,653,775

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$3,258,347 has been reflected as an increase to FY 2001 revenues and expenditures. FY 2001 Actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28 which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2001 Comprehensive Annual Financial Report (CAFR). The details of the FY 2001 audit adjustments were included in the FY 2002 Third Quarter Package. It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investment.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.

RETIREMENT ADMINISTRATION AGENCY

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 601, Fairfax County Employees' Retirement

	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Beginning Balance	\$1,836,422,844	\$1,944,011,084	\$1,811,980,376	\$1,924,730,337	\$1,924,730,337
Revenue:					
County Employer Contributions	\$21,993,157	\$20,717,873	\$20,717,873	\$22,364,457	\$22,364,457
County Employee Contributions	16,095,554	15,985,464	15,985,464	17,232,716	17,232,716
School Employer Contributions	7,967,827	7,544,345	7,544,345	8,143,901	8,143,901
School Employee Contributions	6,040,302	6,216,570	6,216,570	6,701,612	6,701,612
Employee Payback	584,266	251,000	251,000	335,000	335,000
Return on Investments ¹	161,940,230	144,612,615	144,612,615	142,908,903	142,908,903
Total Realized Revenue	\$214,621,336	\$195,327,867	\$195,327,867	\$197,686,589	\$197,686,589
Unrealized Gain (Loss) ²	(\$158,076,361)	\$0	\$0	\$0	\$0
Total Revenue	\$56,544,975	\$195,327,867	\$195,327,867	\$197,686,589	\$197,686,589
Total Available	\$1,892,967,819	\$2,139,338,951	\$2,007,308,243	\$2,122,416,926	\$2,122,416,926
Expenditures:					
Administrative Expenses	\$1,536,254	\$1,765,549	\$1,794,677	\$1,872,035	\$1,872,035
Investment Services ¹	12,349,304	4,706,067	4,678,638	8,669,284	8,669,284
Payments to Retirees	60,918,465	68,320,600	69,563,382	75,935,749	75,935,749
Beneficiaries	1,679,853	1,885,991	1,715,002	2,103,232	2,103,232
Refunds	4,503,567	5,898,000	4,826,207	4,755,000	4,755,000
Total Expenditures	\$80,987,443	\$82,576,207	\$82,577,906	\$93,335,300	\$93,335,300
Total Disbursements	\$80,987,443	\$82,576,207	\$82,577,906	\$93,335,300	\$93,335,300
Ending Balance	\$1,811,980,376	\$2,056,762,744	\$1,924,730,337	\$2,029,081,626	\$2,029,081,626
PC Replacement Reserve ³	20,736	28,296	28,296	35,856	35,856
Unreserved Balance	\$1,811,959,640	\$2,056,734,448	\$1,924,702,041	\$2,029,045,770	\$2,029,045,770

¹ In order to account for revenue and expenditures in the proper fiscal year, an audit adjustment in the amount of \$8,066,606 has been reflected as an increase to FY 2001 revenue and expenditures. FY 2001 Actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28 which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2001 Comprehensive Financial Report (CAFR). Details of the FY 2001 audit adjustments were included in the FY 2002 Third Quarter Package. It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investment.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.

RETIREMENT ADMINISTRATION AGENCY

FUND STATEMENT

Fund Type G60, Pension Trust Funds

Fund 602, Police Retirement

	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Beginning Balance	\$621,862,028	\$663,230,806	\$605,386,894	\$651,526,448	\$650,797,742
Revenue:					
Employer Contributions	\$17,149,427	\$15,241,125	\$15,241,125	\$16,007,754	\$16,007,754
Employee Contributions	8,004,742	7,956,052	7,956,052	8,815,651	8,815,651
Employee Payback	43,210	12,000	12,000	33,000	33,000
Return on Investments ¹	27,922,377	49,612,079	49,612,079	48,625,737	48,625,737
Total Realized Revenue	\$53,119,756	\$72,821,256	\$72,821,256	\$73,482,142	\$73,482,142
Unrealized Gain (Loss) ²	(\$41,118,915)	\$0	\$0	\$0	\$0
Total Revenue	\$12,000,841	\$72,821,256	\$72,821,256	\$73,482,142	\$73,482,142
Total Available	\$633,862,869	\$736,052,062	\$678,208,150	\$725,008,590	\$724,279,884
Expenditures:					
Administrative Expenses	\$523,795	\$651,515	\$651,879	\$672,790	\$672,790
Investment Services ¹	5,830,472	2,961,823	2,282,468	2,812,981	2,812,981
Payments to Retirees	20,749,407	21,107,686	22,781,856	26,112,971	26,112,971
Beneficiaries	983,451	1,078,314	1,204,992	1,192,453	1,192,453
Refunds	388,850	882,000	489,213	432,000	432,000
Total Expenditures	\$28,475,975	\$26,681,338	\$27,410,408	\$31,223,195	\$31,223,195
Total Disbursements	\$28,475,975	\$26,681,338	\$27,410,408	\$31,223,195	\$31,223,195
Ending Balance	\$605,386,894	\$709,370,724	\$650,797,742	\$693,785,395	\$693,056,689
PC Replacement Reserve ³	4,444	5,254	5,254	6,064	6,064
Unreserved Ending Balance	\$605,382,450	\$709,365,470	\$650,792,488	\$693,779,331	\$693,050,625

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$3,444,494 has been reflected as an increase in FY 2001 revenue and expenditures. FY 2001 Actuals are adjusted to reflect compliance with Governmental Accounting Standards Board (GASB) Statement 28 which requires segregation of income and expenditures associated with securities lending transactions. The audit adjustment has been included in the FY 2001 Comprehensive Annual Financial Report (CAFR). Details of the FY 2001 audit adjustments were included in the FY 2002 Third Quarter Package. It should be noted that prior to GASB 28 the retirement systems reflected net income from securities lending as part of return on investment.

² Unrealized gain/loss will be reflected as an actual revenue at the end of each fiscal year.

³ Computer equipment reserve established for the timely replacement of obsolete computer equipment used for retirement operations.